

**EXAMINATION REPORT**  
**OF**  
**HIGHMARK BCBSD INC.**  
**AS OF**  
**DECEMBER 31, 2019**

Office of the  
Commissioner



Delaware  
Department of Insurance

REPORT ON EXAMINATION

OF

HIGHMARK BCBSD INC.

AS OF

DECEMBER 31, 2019

The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.

A handwritten signature in blue ink, reading "Trinidad Navarro".

Trinidad Navarro  
Insurance Commissioner

Dated this 28 day of January, 2021

## TABLE OF CONTENTS

SCOPE OF EXAMINATION.....	1
SUMMARY OF SIGNIFICANT FINDINGS .....	3
COMPANY HISTORY .....	3
CAPITALIZATION.....	4
DIVIDENDS.....	4
MANAGEMENT AND CONTROL .....	4
DIRECTORS .....	4
COMMITTEES .....	5
OFFICERS .....	6
CORPORATE RECORDS .....	6
INSURANCE HOLDING COMPANY SYSTEM .....	6
AGREEMENTS WITH AFFILIATES .....	7
TERRITORY AND PLAN OF OPERATION .....	9
REINSURANCE.....	11
FINANCIAL STATEMENTS .....	12
ASSETS .....	13
LIABILITIES, CAPITAL AND SURPLUS .....	14
STATEMENT OF REVENUES AND EXPENSES .....	15
RECONCILIATION OF CAPITAL AND SURPLUS .....	16
ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION .....	16
COMMENTS ON FINANCIAL STATEMENT ITEMS.....	16
SUBSEQUENT EVENTS .....	17
SUMMARY OF RECOMMENDATIONS .....	18
CONCLUSION.....	18

January 15, 2021

Honorable Trinidad Navarro  
Commissioner of Insurance  
Delaware Department of Insurance  
1351 West North Street  
Suite 101  
Dover, Delaware 19904

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Examination Authority No. 20.018, dated March 12, 2020, an examination has been made of the affairs, financial condition and management of

**HIGHMARK BCBSD INC.**

hereinafter referred to as the Company or BCBSD and incorporated under the laws of Delaware as a non-stock company with its registered and home office located at 800 Delaware Avenue, Wilmington, Delaware 19801. The Company's administrative office is located at 120 Fifth Avenue, Pittsburgh, Pennsylvania 15222. The report of examination thereon is respectfully submitted.

**SCOPE OF EXAMINATION**

We have performed our full-scope risk-focused surveillance examination of BCBSD. The last examination was conducted as of December 31, 2016, by the Delaware Department of Insurance (Department), as part of a multi-state coordinated financial examination. This

examination covered the period of January 1, 2017 through December 31, 2019 and was performed as a stand-alone individual financial examination.

We conducted our examination in accordance with the *National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook* (Handbook) and generally accepted statutory insurance examination standards consistent with the Delaware Insurance Code and Regulations. The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, pursuant to the general Delaware Corporation Law as required by 18 *Del. C.* § 321, along with general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but separately communicated to other regulators and/or the Company.

During the course of this examination, consideration was given to work performed by the Company's external accounting firm, PricewaterhouseCoopers LLP (PwC). Certain auditor work

papers of the 2019 audit of the Company have been incorporated into the work papers of the examiners and have been utilized in determining the scope, areas of emphasis in conducting the examination, and in the area of risk mitigation and substantive testing.

### **SUMMARY OF SIGNIFICANT FINDINGS**

There were no significant findings or material changes in financial statements as a result of this examination.

### **COMPANY HISTORY**

The Company was originally incorporated by the filing of a Certificate of Incorporation with the Secretary of State on August 16, 1935, as a private non-profit, non-stock corporation. The Company operates as a health service corporation in the State of Delaware and is a licensee of the Blue Cross and Blue Shield Association (BCBSA). The Company continues to underwrite various indemnity and managed care health insurance products, as well as Medicare supplemental, dental, and vision products and also provides administrative services contracts to self-funded plans.

On December 30, 2011, the Delaware Commissioner approved an affiliation between Highmark Inc. (Highmark) and the Company imposing forty-nine (49) conditions on the affiliation that, among other things, were intended to preserve the Company's surplus and make it possible for the Company to disaffiliate, if necessary. Effective January 1, 2012, Highmark became the sole member of the Company, giving it the authority to elect the Company's Board of Directors (Board). The Company is a separate legal entity and is not liable for Highmark's obligations. In accordance with the Amended and Restated Certificate of Incorporation, in the event the Company dissolves, the Directors shall cause any remaining assets of the Company to be distributed to a foundation created pursuant to 29 *Del. C.* § 2533, or to a federally tax-

exempt organization. The Directors have discretion as to which qualified organization or organizations receive the distribution.

On April 26, 2013, the Delaware Commissioner approved the indirect control of the Company by the ultimate parent entity, later named Highmark Health (HH). On April 29, 2013, lead State Pennsylvania's Insurance Department approved the affiliation of Highmark/West Penn Allegheny Health System. Pursuant to these two orders, HH became the sole member of Highmark and the ultimate controlling entity within the holding company system.

#### Capitalization

In accordance with Article III, Section 3.1 of its amended bylaws, the Company is a membership corporation, operating as a not-for-profit organization, with no authority to issue capital stock.

#### Dividends

The Company's organization structure does not allow for dividends to be paid.

#### Error! Bookmark not defined.MANAGEMENT AND CONTROL

#### Directors

Pursuant to Article V, Section 5.2(a) of the Company's amended and restated bylaws, the number of Directors that constitutes a full Board shall be nine (9), consisting of four (4) Class 'A' Directors, four (4) Class 'B' Directors and the President of the Company in office. The number of Directors may be changed from time to time, in accordance with Article 13 of the amended and restated Certificate of Incorporation.

Each Class 'B' Director shall be elected annually by the sole member. Each Class 'A' Director shall hold office for three (3) years and then is subject to nomination by the Nominating

Committee. The majority of the Board shall consist of: 1) persons not employed by the Company or any of its affiliates; and 2) persons who are residents of the State of Delaware and have been so for at least five (5) years. Directors serving on the Company's Board as of December 31, 2019, were as follows:

<u>Name</u>	<u>Title</u>
Nicholas A. Moriello	President, Highmark BCBSD Inc.
William H. Willis, Jr. (Class A)	Automobile Dealer
William Dennis Cronin (Class B)	Senior Vice President, Treasury, Highmark Health
Timothy J. Constantine (Class B)	Executive Vice President, Commercial Markets, Highmark Inc.
Michael G. Warfel (Class B)	Vice President, Government Affairs
Randeep S. Kahlon, M.D. (Class A)	Physician
Gregory B. Williams, Esquire (Class A)	Attorney
Frances M. West, Esquire (Class B)	Retired
David P. Roselle, PhD (Class A)	Mathematician
<u>Committees</u>	

Pursuant to Article V, Section 5.11 of the Company's amended and restated bylaws, the Board shall have two (2) standing committees: 1) Audit and Compliance Committee; and Nominating Committee. The Company may also have other ad hoc committees designated by resolution and passed by a majority of the Board in office. Members serving on the Audit and Compliance Committee as of December 31, 2019, were as follows:

<u>Name</u>	<u>Title</u>
Randeep S. Kahlon, M.D.	Director, Chairperson
David P. Roselle, PhD	Director
Frances M. West, Esquire	Director
Gregory B. Williams, Esquire	Director
William H. Willis, Jr.	Director



Members serving on the Nominating Committee as of December 31, 2019, were as follows:

<u>Name</u>	<u>Title</u>
David P. Roselle, PhD	Director, Chairperson
Randeep S. Kahlon, M.D.	Director
William H. Willis, Jr.	Director
Gregory B. Williams, Esquire	Director

#### Officers

Officers were elected in accordance with the bylaws during the period under examination. The bylaws require election of a President, Secretary, and Treasurer. Any number of offices may be held by the same person except the offices of President and Secretary. The principal officers serving as of December 31, 2019, were as follows:

<u>Name</u>	<u>Title</u>
Nicholas A. Moriello	President
Edward A. Bittner, Jr.	Secretary
Donald H. Dabkowski	Treasurer

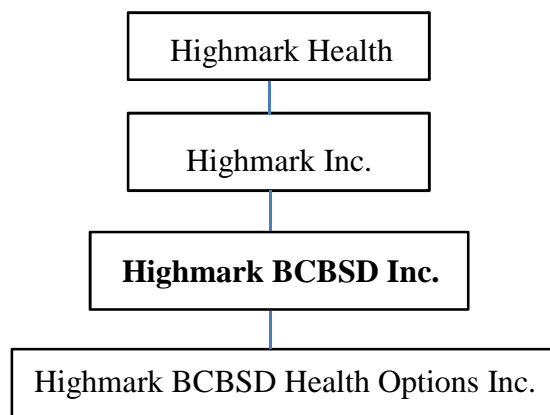
#### Corporate Records

The recorded Board and Committee minutes were reviewed for the examination period. The Board minutes adequately documented the Board's meetings and approval of Company transactions and events including approval of investment transactions. In addition, review of Company files indicated that written correspondence was submitted to the Department with regards to the changes in officers and directors during the period under examination.

#### Insurance Holding Company System

The Company is a member of an insurance holding company system as defined under 18 *Del. C.* § 5001 of the Delaware Insurance Code. As mentioned, the ultimate controlling entity within the holding company system is HH, which is the sole member of Highmark. Highmark is the sole member of the Company and the Company is the sole member of Highmark BCBSD

Health Options Inc. (HHO), a Delaware non-profit company operating as a Medicaid managed care organization.. The following abbreviated organizational chart depicts the Company's relationship within the holding company system as of December 31, 2019:



#### Agreements with Affiliates

##### *Administrative Services Agreements (Highmark)*

Effective January 1, 2012, the Company entered into an Administrative Services Agreement (ASA) with Highmark. The agreement established a plan of systems conversion and integration priorities, performance standards, budgets, and timelines to be developed after the affiliation conversion. The agreement was amended on November 13, 2013, to add a Service Level Amendment to define managing and measuring performance levels of support provided by Highmark to the Company.

Effective July 9, 2014, the Company entered into an ASA with Highmark. Under terms of the agreement, the Company provides certain administrative and corporate services and makes available facilities and equipment to Highmark for its business operations.

##### *Administrative Service and Network Access Agreement (UCC)*

Effective May 29, 2013, and amended January 1, 2015, and July 1, 2018, the Company is party to an agreement with affiliate United Concordia Companies, Inc. (UCC). Under terms of the

agreement, UCC provides certain administrative services related to dental products that are branded and written by the Company, to include but not limited to: benefit determination, underwriting, claims management and administration, peer/quality review, compliance obligations, performance standards, and product development. UCC also provides the Company with a dental Director.

*Administrative Services Agreement (HHO/Highmark)*

Effective January 1, 2015, the Company entered into an ASA with HHO. Under terms of the agreement, the Company provided certain administrative and corporate services, facilities and equipment for HHO to conduct its Medicaid business. Administrative fees of \$9,499,711 charged to HHO were recognized as a reduction to claims adjustment expenses and general administrative expenses for the year ended December 31, 2019.

Effective November 1, 2019, the above agreement was replaced by a new agreement that has Highmark and the Company providing services to support HHO in its Managed Care contract dated January 1, 2018, with the State of Delaware Department of Health and Human Services, Division of Medicaid and Medical Assistance. Under the agreement, administrative fees of \$7,911,022 charged to HHO were recognized as a reduction to claims adjustment expenses and general administrative expenses for the year ended December 31, 2019.

*Investment Management Agreement*

Effective January 11, 2018, the Company entered into an investment management agreement with HH for services previously provided by Highmark. In 2019, under the terms of the agreement, the Company paid \$162,489 for investment portfolio management services and \$128,659 for overhead allocations related to treasury functions, including investment accounting and cash processing services provided by HH.

### *Surplus Note*

At December 31, 2019, the Company held an unrated \$10,000,000 surplus note from HHO. The surplus note has a stated maturity date of December 31, 2025, and interest is accrued at a variable rate per annum equal to the most recently issued one year U.S. Treasury Bill plus 650 basis points. Because the surplus note is not rated by the NAIC's Investment Analysis Office, in accordance with SSAP No. 41, a statement factor was applied which reduced the admitted value of the surplus note to \$0 at December 31, 2019.

### **TERRITORY AND PLAN OF OPERATION**

The Company is licensed to solicit business as a health service corporation only in the State of Delaware and as of year-end 2019 had approximately 453,000 members. The Company writes primarily comprehensive (medical and hospital) business and underwrites various indemnity and managed care health insurance products, as well as Medicare supplemental, dental and vision products. The majority of the Company's business (approximately 67.1%) falls under the Federal Affordable Care Act (ACA) and a significant portion of its business (approximately 32.9%) is not underwritten, meaning there is no insurance risk to the Company. For large, self-insured accounts, the Company processes claims payments and receives reimbursement for claims and expenses from the account.

The Company also offers administrative services to individuals and accounts throughout the State of Delaware. The administrative services provided include management of benefits, adjudication and payment of claims, response to inquiries from covered individuals and health care providers and provides Plan Sponsors with information enabling them to manage their health benefit programs. The Company's core health insurance products are categorized into two (2) major segments, Group and Individual, as follows:

1) Group Business

Traditional

- Comprehensive Major Medical

Senior

- Medigap

Managed Care

- Exclusive Provider Organization, plan (EPO)
- Federal Employee Program (FEP)
- Preferred Provider Organization (PPO)

2) Individual Business

Individual

- Exclusive Provider Organization, plan (EPO)

Senior

- Medigap Blue

The Company's 2019 direct premiums written by line of business are reflected below.

<u>Line of Business</u>	<u>Direct Premiums Written</u>	<u>% of Premiums</u>
Individual Business*	\$ 228,069,247	29.82%
Group Business**	358,257,969	46.84%
Total Comprehensive (Medical and Hospital)	\$ 586,327,216	76.66%
Medicare Supplement	19,167,931	2.51%
Dental Only	5,483,458	0.72%
Vision Only	1,097,722	0.14%
FEP***	152,603,737	19.95%
<u>Other Health</u>	<u>202,918</u>	<u>0.03%</u>
Total Direct Premiums	<u>\$ 764,882,982</u>	<u>100.00%</u>

\* The "Individual" business was almost entirely ACA business in 2019. Only \$1,934 of the direct premiums written in 2019 was attributed to non-ACA business.

\*\* In 2019, approximately 46.1% or \$165,218,076 of the Group business was "ACA Small Group" business. The remaining 53.9% of the Company's "Group" business was non-ACA business in 2019.

\*\*\* FEP business is not underwritten; however, the NAIC Annual Statement has certain reporting requirements with regards to FEP business on certain schedules within the Annual Statement. As a result, the Company must include the FEP business on the statutory balance sheet so that the balance sheet will tie to the supporting schedules of the Annual Statement.

**REINSURANCE**

The Company reported the following distribution of premium income for the year ended December 31, 2019, and the prior examination date of December 31, 2016:

	<u>2019</u>	<u>2016</u>
Direct premium income	\$ 764,882,982	\$ 704,128,340
Assumed premiums (from affiliates)	-	-
Assumed premiums (from non-affiliates)	-	-
Gross premium income	\$ 764,882,982	\$ 704,128,340
Ceded premiums (to affiliates)	-	-
Ceded premiums (to non-affiliates)	<u>255,769</u>	<u>977,866</u>
Net premium income	<u>\$ 764,627,212</u>	<u>\$ 703,150,474</u>

**Ceded Reinsurance – Non-Affiliates**

Effective January 1, 2019, the Company entered into a two (2) year excess of loss reinsurance contract with Renaissance Reinsurance U.S. Inc. to reinsure losses in excess of \$5,000,000 per covered person, per contract year on certain fully insured products. The contract permits either party to terminate, for cause, by giving no less than 30 days prior written notice for breach of the terms and conditions of the contract.

In 1994, the Company entered into a reinsurance agreement with MedAmerica Insurance Company (MedAmerica) for 100% coverage of the risk to reinsure the Company's long-term care (LTC) insurance. The Company's agreement with MedAmerica permits either party to terminate it with 180 days' notice for new or renewal policies.

## **FINANCIAL STATEMENTS**

The Company's financial statements, as reported and filed by the Company with the Department, are reflected in the following sections:

- Assets as of December 31, 2019
- Liabilities, Capital and Surplus as of December 31, 2019
- Statement of Revenues and Expenses for the year ended December 31, 2019
- Reconciliation of Capital and Surplus for the Period from the Prior Examination as of December 31, 2016 to December 31, 2019

**Assets**  
**As of December 31, 2019**

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 382,344,596	\$ -	\$ 382,344,596
Common stocks	138,543,754		138,543,754
Mortgage loans on real estate, first liens	130,289		130,289
Cash (2,152,503) and cash equivalents 38,934,922	36,782,419		36,782,419
Other invested assets	14,067,249	10,000,000	4,067,249
Receivables for securities	59,141		59,141
Securities lending reinvested collateral assets	3,251,149		3,251,149
Subtotals, cash and invested assets	\$ 575,178,597	\$ 10,000,000	\$ 565,178,597
Investment income due and accrued	2,768,224		2,768,224
Uncollected premiums and agents' balances in the course of collection	16,568,850	71,741	16,497,109
Accrued retrospective premiums	382,207		382,207
Amounts recoverable from reinsurers	687		687
Amounts receivable relating to uninsured plans	25,031,085	860,582	24,170,503
Current federal and foreign income tax recoverable and interest thereon	338,847		338,847
Net deferred tax asset	13,581,915	9,074,629	4,507,286
Electronic data processing equipment and software	420,406		420,406
Furniture and equipment	377,645	377,645	-
Receivables from parent, subsidiaries and affiliates	4,919,345		4,919,345
Health care and other amounts receivable	24,327,949	1,925,698	22,402,251
Aggregate write-ins for other than invested assets: Prepaid expenses	362,954	362,954	-
Total	\$ 664,258,711	\$ 22,673,249	\$ 641,585,462



**Liabilities, Capital and Surplus**  
**As of December 31, 2019**

		<u>Notes</u>
Claims unpaid	\$ 59,086,609	1
Accrued medical incentive pool and bonus amounts	1,764,592	
Unpaid claims adjustment expenses	2,274,224	
Aggregate health policy reserves, including the liability for medical loss ratio rebate per the Public Health Service Act	25,336,869	1
Premiums received in advance	9,165,035	
General expenses due or accrued	97,420,361	
Ceded reinsurance premiums payable	3,798	
Amounts due to parent, subsidiaries and affiliates	1,829,910	
Payable for securities	105,113	
Payable for securities lending	3,251,149	
Liability for amounts held under uninsured plans	4,566,852	
Aggregate write-ins for other liabilities:		
Funds held as agent for others	22,042,830	
Unclaimed property	4,356,655	
	<u>26,399,485</u>	
Total liabilities	\$ 231,203,997	
Aggregate write-ins for special surplus funds:		
Subsequent year ACA insurer fee estimate	14,204,788	
Unassigned funds (surplus)	<u>396,176,677</u>	
Total capital and surplus	<u>\$ 410,381,465</u>	
Total liabilities, capital and surplus	<u><u>\$ 641,585,462</u></u>	

**Statement of Revenues and Expenses  
For the Year Ended December 31, 2019**

Member months	1,241,425
Net premium income	\$ 764,627,212
Change in unearned premium reserves and reserve for rate credits	(7,298,420)
Total revenues	\$ 757,328,792
<b>Hospital and Medical:</b>	
Hospital / medical benefits	\$ 452,760,570
Prescription drugs	118,480,651
Aggregate write-ins for other hospital and medical:	
Dental claims expense 3,856,662	
Vision claims expense 651,041	4,507,703
Incentive pool, withhold adjustments and bonus amounts	1,478,916
Subtotal	\$ 577,227,840
<b>Less:</b>	
Net reinsurance recoveries	125,103
Total hospital and medical	\$ 577,102,737
Claims adjustment expenses, including cost containment expenses	16,831,123
General administrative expenses	75,624,771
Total underwriting deductions	\$ 669,558,631
Net underwriting gain or (loss)	87,770,161
Net investment income earned	16,318,493
Net realized capital gains or (losses) less capital gains tax	218,914
Net investment gains or (losses)	\$ 16,537,407
Aggregate write-ins for other income or expenses:	
Other (expense) income, net (6,549,553)	
Loss from sale of fixed assets (4,582)	(6,554,135)
Net income or (loss) after capital gains tax and before all other federal income taxes	\$ 97,753,433
Federal and foreign income taxes incurred	(348,066)
Net income (loss)	\$ 98,101,499

**Reconciliation of Capital and Surplus  
For the Period from the Prior Examination  
As of December 31, 2016 to December 31, 2019**

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Capital and surplus prior reporting period	\$ 149,565,092	\$ 253,908,920	\$ 304,194,030
Net Income	58,437,790	85,196,844	98,101,499
Change in net unrealized capital gains/(losses)	7,084,496	(13,064,562)	20,019,679
Change in net deferred income taxes	55,672,104	(33,439,283)	(2,706,011)
Change in nonadmitted assets	<u>(16,850,562)</u>	<u>11,592,111</u>	<u>(9,227,732)</u>
Capital and surplus end of reporting period	<u>\$ 253,908,920</u>	<u>\$ 304,194,030</u>	<u>\$ 410,381,465</u>

**ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE  
EXAMINATION**

There were no changes made to the Financial Statements as a result of this Examination.

**COMMENTS ON FINANCIAL STATEMENT ITEMS**

Note 1:

Claims unpaid	\$ 59,086,609
Aggregate health policy reserves	\$ 25,336,869

In order for the examination team to gain an adequate comfort level with the Company's reserve estimates, the Department retained the actuarial services of INS Consultants, Inc. (INS) to perform a risk-focused review of the Company's reserving and pricing activities. Certain risks within the pricing and reserving processes required Phase 5 substantive test work.

Based on the procedures performed and results obtained by INS, the examination team obtained sufficient evidence to support the conclusion that the Company's net reserve estimates were reasonably stated as of December 31, 2019.

## **SUBSEQUENT EVENTS**

### *ACA Annual Fee*

On January 1, 2020, the Company again became subject to an annual fee under Section 9010 of the ACA. As of December 31, 2019, the Company had written health insurance subject to the ACA assessment and expects to conduct health insurance business in 2020. The Company estimated its portion of the annual health insurance industry fee payable on September 30, 2020, to be \$14,204,788. This amount is reflected as an aggregate write-in for special surplus funds titled, “Subsequent year ACA insurer fee estimate” in the statutory financial statement of admitted assets, liabilities and surplus as of December 31, 2019.

### *COVID-19*

In response to the pandemic and national emergency declared in March 2020, the Company began covering COVID-19 diagnostic tests and waiving prior authorization requirements when recommended by a medical professional. The Company continues to monitor the developments of COVID-19 for possible restrictions affecting premiums and for a potential impact to deferred taxes. The Company believes that the development and uncertainty of the pandemic precludes any estimation to the ultimate adverse impact to the Company. As of the date of this report, the Company was fully operational and providing services to its members.

### *Reinsurance Commutation*

Effective September 1, 2020, the Company executed a commutation agreement and mutual release (commutation) of its reinsurance agreement with MedAmerica for 100% coverage of risk to reinsure the Company's LTC business. Under the commutation, MedAmerica paid the Company a total of \$3,720,919, which was received in October 2020, in exchange for a complete discharge

of all MedAmerica's obligations and liabilities under the reinsurance agreement. There was no gain or loss recorded as a result of the commutation.

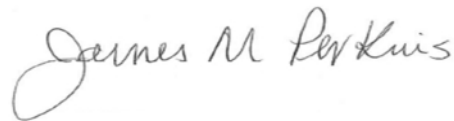
### **SUMMARY OF RECOMMENDATIONS**

There were no recommendations as a result of this examination.

### **CONCLUSION**

The assistance of the consulting actuarial firm, INS, the consulting information systems specialist firm, INS Services, Inc., the Company's outside audit firm, PwC, and the Company's management and staff was appreciated and is acknowledged.

Respectfully submitted,



---

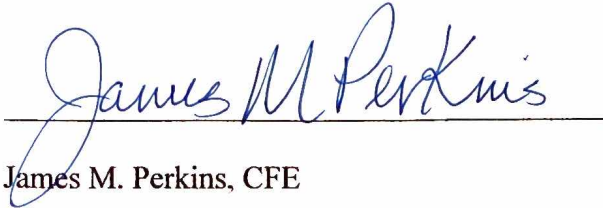
James M. Perkins, CFE  
Examiner In-Charge  
State of Delaware



---

Anthony Cardone, CFE  
Supervising Examiner  
State of Delaware

I, James M. Perkins, hereby verify and attest, under penalty of perjury, that the above is a true and correct copy of the examination report and findings submitted to the Delaware Department of Insurance pursuant to examination authority 20.018.

A handwritten signature in blue ink, reading "James M. Perkins", is written over a horizontal line. The signature is cursive and fluid.

James M. Perkins, CFE